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Political and Economic Positions of COCOM and Other Developed Nations on the Afghan Crisis

An Intelligence Assessment

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January 1980

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Political and Economic Positions of COCOM and Other Developed Nations on the Afghan Crisis [redacted] 25X1

An Intelligence Assessment

Research for this report was completed on 14 January 1980.

This assessment was prepared by analysts in the Offices of Economic Research and Political Analysis. Coordination has been made with the National Intelligence Officer for Political Economy. Comments and queries are welcome and may be directed to the Chief of Industrial Nations Division, OER, [redacted] 25X1

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Political and Economic Positions of COCOM* and Other Developed Nations on the Afghan Crisis

Overview

Key Allied governments all issued immediate and, in most cases, very strong condemnations of the Soviet invasion of Afghanistan and are backing the US grain embargo against the USSR. In considering other options for response, they are torn between their apprehension about Soviet intentions and the pull of stronger US leadership. Leaders are still sorting out these forces and many, facing elections, may be waiting to read public opinion. Although they may be encouraged to take sanctions of their own as the United States continues to act, they must weigh the impact of any sanctions on their interests and vulnerabilities vis-a-vis the USSR. In each case these factors are different. 25X1

Economic Vulnerability

In the aggregate, developed country dependence on the USSR is small. Although trade with the USSR expanded rapidly during the 1970s, it still accounts for only about 2 percent of total Western exports and imports. The USSR buys mainly grain, steel, and manufactures from the West and sells fuel, raw materials, and semifinished goods. 25X1

Western dependence on the USSR is more substantial for certain types of products. Some West European countries rely on the Soviets for a substantial portion of their fuel supplies, supplies that have become more important with the upheaval in Iran. Although an embargo on Soviet exports of metals to the West would create serious problems in some cases, it would not in general have major industrial repercussions on the United States or the other major industrial countries. 25X1

For the large West European nations and Japan, the Soviets provide a major market for the products of specific companies and regions, particularly with a recession on the way. With elections coming up this year or next in Canada, Japan, West Germany, France, and probably Italy, political leaders there will be looking to protect regional and sectoral economic interests. 25X1

* The Coordinating Committee (COCOM) approves or disapproves sales of equipment and high technology to the Communist countries. 25X1

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Western governments also are keenly aware of their financial exposure to the USSR. At yearend 1978, the USSR owed around $7 billion to official lending agencies and $10 billion to private Western banks, mostly in West Germany, France, and the United Kingdom. As of last September the Soviets owed some $900 million to US banks and their foreign subsidiaries and roughly $450 million to the US Export-Import Bank. [redacted] 25X1

Soviet Reaction to Sanctions

Although we strongly doubt that Moscow would take economic reprisals against Western sanctions, Allied governments are not so sanguine. In view of the importance of continued access to Western equipment, technology, and grain to Soviet economic development, we believe the Kremlin does not want to risk provoking a further cutoff in Western exports, which could result from a heavyhanded reaction. It seems highly unlikely that the Soviets will abrogate existing contracts, including those for shipments of natural gas, oil, timber, or chemicals to the West. Chances for an across-the-board debt default or a pullout of financial assets similarly appear minimal. [redacted] 25X1

Moscow's reaction, if any, would probably be to emphasize the economic gains to be obtained by nations not siding with the United States. These countries might find the USSR more accommodating in discussions on major Soviet purchases of equipment or in negotiations for the delivery of Soviet fuels or other commodities in short supply. [redacted] 25X1

Concerns of Major Governments

[redacted] 25X6

[redacted] 25X1

The *Japanese* [redacted] 25X6 probably will delay agreements on new Siberian development projects under discussion and quietly ask the Japanese business community not to seek additional credits for the Soviets. [redacted] 25X6

France's hard line against any sanctions primarily reflects the special relationship the French believe they have with the USSR, but it also shows their desire to conduct foreign policy independent of the United States where possible. Paris likes to act as an intermediary between Washington and Moscow, but this role has not given France the edge it seeks in obtaining major trade benefits from the USSR. Indeed, Paris is concerned that contracts for exports to the Soviet Union have slowed in the past few years and is anxious to sign new ones. Despite their words to the contrary, French actions make us believe that they would not hesitate to pick up future contracts that would have gone to US firms. Such deals will become more important as the government directs greater attention to reducing unemployment prior to the election. [redacted] 25X1

The *West Germans* want to maintain good commercial relations with the USSR for both political and economic reasons. [redacted] 25X6 Although West Germany's economic stake in the USSR is small overall, the Soviets supply a sizable portion of the country's natural gas, and certain industries—steel and machine tools, for example—are vitally interested in maintaining the Soviet market. [redacted] 25X6

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The *Italian* Government has remained silent on the question of sanctions against the USSR in part because of fears the Italian Communist Party might use the issue to further weaken Prime Minister Cossiga's tenuous hold on power. The Communist Party has denounced Moscow's move into Afghanistan but opposes any further response as detrimental to detente—an idea with much popular support in Italy. The official silence also reflects concern about endangering Italy's large natural gas imports from the Soviet Union and its chances for new export contracts to help correct the trade imbalance with the USSR. Against these factors, the interests of some political leaders in supporting the United States—as a means of enhancing Italy's status in the Western Alliance and thus forestalling the Communist Party's drive for Cabinet seats—are not likely to weigh very heavily. 25X1

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COCOM Partners

Japan

Tokyo's response to the Afghan situation has been to take a series moderately of tough political and economic measures aimed at showing displeasure with the USSR [redacted] Tokyo quickly condemned the Soviet aggression, canceled several meetings with Soviet officials, indicated its willingness to support tighter COCOM constraints, and seems ready to place in abeyance further economic and political advances until the crisis is resolved. Last week Tokyo announced it was postponing talks on a number of key projects, including deliveries of steel pipe for 1980 and the recently signed Novolipetsk silicon steel mill. [redacted]

Initial Response

The Japanese Government, in addition to condemning the Soviet aggression, has canceled a scheduled meeting between Soviet Ambassador Polyanskii and leaders of the ruling Liberal Democratic Party, asked the Diet to postpone a visit by members of the Supreme Soviet, and postponed indefinitely an invitation for Soviet Deputy Minister of Foreign Trade to come to Tokyo to negotiate terms of Japanese financing for four major projects under consideration. [redacted]

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[redacted] 25X6

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Despite Tokyo's call for economic sanctions against the Soviet Union, we have not yet seen any firm directives to Japanese trading companies to put teeth in the government's response. In fact, Japanese trading companies reacted swiftly to US economic sanctions, in one case anticipating President Carter's announcement of a grain embargo. Just prior to the US announcement of a grain embargo, Mitsubishi of Tokyo stated that because of the abundant global supply of grain, it would like to begin making deals with the USSR in the future. Sumitomo's Bangkok office also requested a meeting last week regarding possible sales of corn from Thailand to the USSR, possibly through third countries. [redacted] 25X6

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[redacted] 25X6

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When Tokyo announces its countermeasures, we do not anticipate many beyond those already tentatively decided upon. At most, Tokyo probably would also delay agreements on new Siberian development projects now under discussion

The Economic Stake

The Japanese arguing against strong economic sanctions point to the more than $1.5 billion invested in joint development projects in Siberia and the compensation payments which would probably end if work were suspended.

The five joint development projects now under way with the Soviets include a wood ship plant and a forestry development program, with Japanese equipment being paid for with deliveries of Soviet wood and wood products. The three other projects are: 25X6

- The Yakutsk coal basin. Japanese exports associated with the project total nearly $600 million. The USSR plans to cover its loan repayments out of earnings from coal deliveries.

- Natural gas exploration in Yakutsk. The 1 billion cubic meters in reserves required for full development are likely to be confirmed by early 1981. The two sides will then negotiate production arrangements and project financing.

- Sakhalin oil exploration. The Japanese have provided $170 million in risk capital to cover offshore exploration through 1982, and the parties have announced that production could begin by 1985. Japan would receive one-half of the oil produced, continuing for 10 years after development credits (not yet extended) are repaid. 25X1

Last September USSR and Japan agreed to expedite discussions on three new projects:

- Forestry development. The Japanese appear anxious to conclude this followup to the earlier agreement; they propose that the USSR deliver $550-600 million in timber in 1980-84 in return for a similar amount of Japanese equipment sold under long-term credit.

- Port development. The Soviet side has requested Japanese assistance in expanding coal and container-handling capacities at the port of Vostochniyy. Reportedly, the cost of the project will be $150 million. 25X6

- Paper and pulp plants. The USSR has requested Japanese assistance in the construction of a pulp plant in Amursk, a paper mill in Khaborovsk, and the modernization of the pulp and paper industry on Sakhalin. 25X1

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On 9 January, Tokyo postponed talks for credit extensions for the third stage of the Soviet forestry project, the sale of large-diameter pipe, the construction of a new silicon steel plant, and the Yakutsk coal project. [redacted] 25X6

[redacted] 25X6

In trade, Japan imports about $1.5 billion worth of goods annually from the Soviet Union with emphasis on wood and wood products and, to a lesser extent, mineral fuels (heavy oils and coal). A large share of the imports are received in return for Japanese development work in Siberia. Some key products could be difficult to obtain from other sources; Japan receives about half of its rhodium (an acid-resistant metal used as an alloy with platinum), 80 percent of its palladium, and roughly half its platinum from the USSR. Japanese sales to the USSR—$2.5 billion in 1978—are almost totally of steel and machinery. The goods are badly needed by the Soviets, [redacted] 25X6

West Germany

Over the past decade of Ostpolitik, West Germany has placed great emphasis on maintaining good political relations with the USSR. Aside from its interest in detente as a means of reducing the risk of war, Bonn sees Moscow holding the key to improved relations with East Germany. [redacted] On the economic side, the USSR is by far West Germany's largest Western trading partner. Although the USSR accounts for only 2 percent of West German imports and exports, it has some points of economic leverage—particularly in natural gas and steel. [redacted]

Initial Response

Although it believes that some reaction is necessary, [redacted] its main unilateral action to date has been to call its Moscow Ambassador home temporarily. West German officials do not want Afghanistan to become a purely East-West issue, [redacted] Other measures, such as a curtailment of export credit guarantees, a postponement of Schmidt's planned visit to Moscow, or an Olympics boycott apparently are still under consideration. [redacted]

Political Concerns

Detente and Ostpolitik. With the approval of the Western allies, detente and Ostpolitik have become a cornerstone of West German foreign policy during the past decade. West Germans see Ostpolitik as comprising West Germany's relations with the Soviet Union and East Germany, although it also includes West German connections to the other countries of Eastern Europe. [redacted]

[redacted] 25X6

The opposition, should it take over the government in Bonn following the election this fall, would alter the emphasis of Ostpolitik. Nevertheless, it would accept the basic treaties with the Eastern countries worked out under Brandt, seek the improvement of personal contacts with East Germany, and eschew confrontation with the Soviet Union. [redacted] 25X6 25X1

Working relations with the Soviet Union are essential to West German security for several reasons: West Germany's geographic location on the dividing line between East and West in Europe, its political and economic development since World War II, and the presence of the Soviet troops across the border in East Germany. The division of Germany into two national states, one of which remains militarily occupied and largely politically dominated by the USSR, inextricably links Bonn's policy toward East Germany with the climate of West German–Soviet relations. Although the goal of German reunification is qualified and relegated to a long-term West German objective, it remains embedded in West German policy. Reunification remains a latent hope and desire of large numbers of citizens in both Germanies, as well as the stated aim of a vocal minority in the West. Proponents of reunification—as well as "realists" who see it as a distant goal—agree that it is achievable only with the acquiescence of the Soviet Union. [redacted] 25X1 25X6 25X6 25X1

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[redacted] 25X6

In spite of occasional Soviet charges of hostile West German intent toward the East, the West Germans to a degree have managed to allay Soviet suspicions of a revival of German militarism. West German insistence that NATO theater nuclear force modernization be accompanied by a parallel arms control effort is the most recent example of Bonn's efforts to maintain the security it has thus far achieved in its relationship with the Soviet Union. West Germany's future approach to NATO issues will likewise aim at strengthening the West German image as a loyal but peace-loving and detente-minded member of the Alliance. [redacted]

West Berlin. West Berlin is a particularly sensitive point in Soviet—West German relations. The status and security of the city remain an Allied responsibility, but West Germany's economic and cultural ties with West Berlin are also essential. [redacted]

Bilateral agreements with the Soviet Union on legal aid, scientific and technical cooperation, and cultural exchanges have been held up for years because of the inability to agree on the wording for including West Berlin in their provisions. [redacted]

The Soviets and their East German surrogates can adversely affect the West German position in West Berlin. Though West German officials believe the USSR does not want any kind of crisis over Berlin, Soviet ability to pressure the city remains [redacted]

Economic Relations

The overall framework for Soviet–West German economic relations over the years has been set down in a succession of broad economic cooperation agreements. The current accord was signed in 1978 for a 10-year period and may be renewed for three additional five-year periods. It calls for economic, industrial, and technical cooperation between the two countries in a wide range of areas, including raw material and energy development, building of industrial plants, joint development and production of goods, and cooperation with firms in third countries. In Bonn's eyes, however, the agreement is little more than a declaration of intent; any actual projects or deals must still be negotiated on a case-by-case basis. [redacted]

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Trade Developments

Spurred in part by Bonn's Ostpolitik, West German trade with the USSR expanded rapidly during the 1970s. Imports rose fairly steadily throughout the period, from $342 million in 1970 to $2.5 billion in 1978. Exports rose just as dramatically over the period, from $422 million to $3.1 billion, but most of this growth occurred during 1971-75. Beginning in 1976, a shortage of hard currency forced Moscow to scale down its purchases. [redacted]

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Despite this growth, the USSR is still a relatively small trading partner for West Germany. For the first nine months of 1979 the USSR's share of West German imports stood at 2.4 percent, up from 1.1 percent at the beginning of the decade. Meanwhile, the USSR's export share jumped from 1.2 percent to 3.1 percent between 1970 and 1975, but then fell back to 2.1 percent last year. [redacted]

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The composition of West German imports changed substantially over the decade; raw materials—which in 1970 had accounted for almost half of West German purchases from the USSR—fell to only a 13 percent share in 1978. Fuel imports, on the other hand, rose eightfold during the period, reaching $784 million in 1978, when they accounted for 4 percent of total West German fuel imports. The largest percentage increase during the period was recorded by manufactures, which jumped tenfold to $487 million. Almost three-fourths of these goods were chemicals, which the USSR in the last few years has begun to ship as compensation for chemical plants constructed by West German firms in the USSR. [redacted]

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West German exports to the Soviet Union throughout the 1970s consisted almost wholly of manufactured goods, particularly steel and machinery. Of the $3.1 billion in 1978 exports, just over $1 billion was steel products and $1.5 billion was machinery.

Specific Dependencies. Although the USSR is not a major trading partner, a cutoff in Soviet trade would be painful for certain sectors. On the export side, the machine tool and steel industries are probably the most vulnerable. The USSR last year purchased more than $300 million worth of West German machine tools, 10 percent of the total exports of an industry that depends primarily on foreign sales. The USSR also was a major buyer of steel pipe and sheet steel in 1979, taking about 12 and 16 percent, respectively, of total West German exports of these commodities—a significant amount to an industry suffering from excess capacity.

On the import side, natural gas probably represents West Germany's main dependency on the USSR; Soviet gas accounts for about 15 percent of total supplies and could not be replaced in the short run. The impact of a cutoff could be reduced by substituting oil, however. The Soviet Union also provides enrichment services for more than one-third of the uranium used to generate 10 percent of West Germany's electricity

Although West Germany is totally dependent on imports for strategic metals, relatively few of these are imported from the USSR. The main exception is palladium, about 30 percent of which comes from the Soviet Union. On the other hand, West Germany 25X1
obtains almost no titanium, cobalt, or tungsten from the Soviets, and only about 10 percent or less of its supplies of chromium, platinum, and magnesium.

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Major Projects. Several West German firms are heavily involved in the construction of a major steel complex near Kursk, including the building of a steel mill, several direct reduction plants, and an ore-pelletizing plant. Contracts total several hundred million dollars, and the Germans are hopeful that even larger ones will be signed in the future as the complex is expanded. Other projects include several chemical plants, the Kama truck plant, and an electronic tube 25X1
factory, which is a joint undertaking of the Soviets and the West German Siemens company. 25X1

Most West German equipment exports are financed by government-guaranteed credits. West German firms have accepted compensation arrangements, mainly in the form of chemical products and natural gas; over 25 percent of West German imports from the USSR are accounted for by such goods. 25X1

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France

Paris is currently weighing its keen interest in maintaining its "special relationship" with Moscow against its concerns about oil, Africa, and Western Europe. Thus far, France does not see Soviet action in Afghanistan as a threat sufficient to jeopardize detente and the French independence of action that has gone along with it. Although trade with the USSR is relatively small and specific dependencies are of marginal importance, Paris still hopes to become Moscow's leading Western supplier of industrial equipment. [redacted]

Initial Reactions
The French Government's condemnation of Soviet intervention was somewhat less than ringing. Following the US announcement of economic measures against the USSR, Paris stated flatly that it would not use its economic/commercial relations with the Soviet Union for political ends. The French also have thus far blocked any major decisions in NATO and EC councils and have ruled out an Olympics boycott. Paris has, however, supported a US proposal for UN condemnation of the USSR. Although the French Government promised not to take commercial advantage of other countries' actions against the Soviet Union, this may be a short-term commitment only. Paris is vitally interested in developing French high-technology industries, including expanding exports. International pressure would have to be extremely great to prevent France from picking up Soviet contracts that might have gone to US or other Western firms. [redacted]

Political/Diplomatic Concerns Paramount
The French view of the Soviet invasion of Afghanistan is strongly conditioned by concern over the preservation of detente and the French independence of action that has gone along with it. Domestic political pressures have counted for little so far, although they could still take on some importance. [redacted]

French leaders do not yet seem convinced that Western equities are clear-cut enough to warrant measures the Soviets might use as a pretext for abandoning detente. This line of reasoning stems from France's attachment not only to the obvious benefits that detente bestows on all, but also to the lease on foreign policy independence it gives to a "middle power" such as France. The French do not believe they would have this degree of freedom in an international setting characterized by superpowers locked in unyielding, bipolar confrontation. It follows that Paris will likely explore every interpretation of events and every avenue of action or inaction short of a return to a general cold war atmosphere. [redacted] 25X1 25X1

France's current policy is designed to avoid riling Moscow and to maintain the "special relationship" the two countries have nurtured since De Gaulle's time. To this end, the French have disassociated themselves from efforts in NATO and elsewhere to portray the problem in East-West terms, urging instead that the situation be viewed in a Soviet–Third World context. Paris has argued against treating the Soviets as a hostile nation, eschewed economic sanctions—which in any event they do not believe will be effective—and indicated a desire to proceed insofar as possible with business as usual, apparently even on their proposal for a Conference on European Disarmament. [redacted] 25X1

Paris nevertheless recognizes that detente has been wounded and that certain adjustments in French-Soviet relations may be necessary. [redacted] They also have joined in UN efforts to bring about the withdrawal of Soviet troops. [redacted] 25X1 25X1 25X1 25X1 25X1

There are doubtless those in French policymaking circles who put a more alarmist interpretation on the invasion and its relationship to developments in Iran than does present policy. These voices surely argue that

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the invasion enhances Soviet ability to threaten the West's oil supplies and that the reaction not only of France but of the West as a whole reflects shortsightedness and weakness. If for the time being French leaders have chosen to emphasize detente over other factors, there is no reason to believe they could not or would not change their stance if developments were to take a turn for the worse.

France's "special relationship" with the United States also figures in the French approach to Afghanistan. Having struggled for years to avoid domination by the United States, and having found at least a partial answer in detente, Paris is understandably reluctant to follow unquestioningly the US lead on Afghanistan. Thus, although Paris has recently responded to US pressure by hardening somewhat the tone of its public stand on the invasion, it does not seem to have relented on the more basic elements of its position.

France's intent to maintain its independence makes Afghanistan a potentially important domestic issue. With maneuvering already under way for the 1981 presidential election, Giscard cannot afford to make a mistake on such a major issue. His policy already has come in for some criticism. The Gaullists, for example, have taken the government to task for not standing closer to Washington on this issue, but they could as easily have found fault with the government if its initial response had been more closely in tune with that of the United States. The government's ability to anticipate this sort of capriciousness—combined with its awareness that public opinion on Afghanistan is mixed—has given it a relatively free hand.

Barring developments that turn the Afghan situation into a full-blown East-West crisis, the French may see in their cautious, independent position an opportunity to play some sort of a middle role, either in bridging the gap between the superpowers or in providing a rallying point for Third World and nonaligned countries which may not be comfortable siding with the United States or the Soviets but which are deeply concerned about Afghanistan and desirous of a peaceful resolution of tensions.

Economic Considerations

France still has a long-unfulfilled dream of using its relatively independent foreign policy stance as a lever to achieve preferential treatment in economic relations with the Soviets. France has been the most active among the major West European countries in establishing regular exchanges of visits of officials and trade commissions. The economic results of its five- and 10-year cooperation agreements, its willingness to provide cheap credits, and its annual high-level meetings have not been particularly striking. The Soviets base practically all contracts on strict competitive terms, and France has never done better than possibly winning its share of projects.

Overall Trade Developments and Dependencies

French trade with the Soviet Union expanded rapidly in the 1970s. Exports jumped from annual averages of about $300 million in 1970-72 to $1.5 billion in 1977-78. French imports rose from $250 million in the early 1970s to $1.2 billion by the end of the decade. Dependence on the Soviet Union rose only marginally, however. In the early 1970s Soviet purchases accounted for about 1.5 percent of total French foreign sales, while imports from the Soviet Union were a little over 1 percent of total French imports. By the end of the decade, the Soviet Union accounted for less than 2 percent of French exports and 1.5 percent of French imports; moreover, the Soviet Union's share peaked in 1977 and is unlikely to rise significantly at least until after the early 1980s.

France joined other Western nations in actively courting Moscow in the mid-1970s in attempting to get in on the ground floor in Soviet development of what appeared to be huge reserves of oil and natural gas. In return for French pipe, Paris contracted for 1-2 billion cubic meters of natural gas annually for 1976-79—up to 15 percent of total French imports—and planned to buy 5 billion cubic meters in 1980-81 and 8 billion cubic meters by 1990. Because of the lack of a pipeline, France has been fulfilling its agreement through a swap arrangement whereby the French-purchased gas is delivered directly to Italy, and France receives Dutch gas contracted by Rome. France also has been buying around 100,000 b/d of crude oil (5 percent of total imports). Purchases rose to about 150,000 b/d

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last year. In addition, in 1978 Soviet oil products accounted for 18 percent of French imports. Overall, French imports of Soviet energy products—including $250 million in uranium enriched in the USSR and returned to France and $50 million in coal—totaled $850 million in 1978, 70 percent of total French purchases from the Soviet Union. Other French purchases of some importance were cotton ($100 million, one-third of total French cotton imports), wood ($65 million, 9 percent), and unwrought aluminum ($32 million, 9 percent).

Of major strategic metals, the Soviet Union is a preponderant supplier to France only of palladium (78 percent of French imports). France obtains about 10 percent of its supplies of chromium, magnesium, platinum, and rhodium from the USSR.

On the other side of the coin, French firms export a wide range of industrial equipment to the Soviet Union. We are not aware of any major plant or firm that produces primarily for sale to the USSR. Besides a few small trading companies formed to promote commercial exchanges with the Soviet Union (including some designed specifically to facilitate compensation agreements), some firms producing tubes and pipes, metalworking machinery, and heating and cooling equipment would suffer to some degree if sales to the USSR were cut or eliminated.

Although the largest agricultural producer in Western Europe, France is only a marginal supplier of food to the Soviet Union, both in absolute terms and as shares of either French or Soviet trade. In 1978 French sales of food items to the Soviet Union totaled $47.5 million, down sharply from $127.1 million the previous year. The drop was due to major shipments of butter and sugar in 1977 (butter sales amounted to $41 million in 1977 compared to $10 million in 1978; sugar sales dropped from $42 million to $8 million). The most important French food exports in 1978 were barley ($7.7 million, 1 percent of total French barley exports), malt ($4.6 million, 3 percent), and alcoholic beverages ($12.1 million, 1 percent of total French sales). In 1978 France sold no wheat or corn to the Soviet Union.

Recent Contracts

Paris is concerned that the slowdown in Soviet contract-signing in 1977-79 will lead to stagnation and possibly to declines in French sales. France thus has been particularly forceful in attempting to obtain Soviet signatures, particularly for projects under negotiation for several years. Recent contracts signed between Moscow and French firms include gas-lift equipment for enhanced oil recovery, computers and related equipment for TASS, and telephone switching equipment and possibly production facilities. The total value of these contracts will probably exceed $1 billion. 25X1

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The computer and telephone switching contracts have created some controversy. Following President Carter's 1978 decision to suspend temporarily a license to export a US computer in response to Soviet dissident trials, Paris announced with some fanfare that US pressures on its Western allies to follow suit would not be heeded. Stating that US pressures infringed on French independence, Paris added—then as now—that economic measures should not be employed for political ends. France immediately offered a French-built computer to replace the American equipment, and a contract was signed in early 1979. Paris added that nine minicomputers and 108 programmable terminals would also be sold to TASS. In June 1979 Paris and Moscow announced an additional agreement for joint development of a new generation of computers and related equipment for the period 1985-95. Under its terms, CII-Honeywell Bull—47-percent owned by a US firm—would supply the technical know-how needed to upgrade Moscow's increasingly obsolete network of medium-sized computers. 25X1

France won a relatively small contract to supply telephone switching equipment in early 1979 that also had been bid for by a US firm. Following US Government hesitation to okay licenses for a US firm to build facilities producing components for the system within the USSR, France bid for this contract as well.

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France rather reluctantly has signed several compensation contracts and is negotiating others. France joined several other West European nations in the 1970s in signing deals involving deliveries of Soviet natural gas in return for Western pipe and related equipment. Paris also has agreed to chemical plant compensation agreements whereby a share of the output is imported from the USSR. In the only major compensation agreement for a metallurgy project, the French firm Pechiney-Ugine-Kuhlmann agreed in 1976 to construct an alumina plant in Siberia and will receive 100,000 tons of aluminum bars annually for 10 years when the plant begins operation, probably later this year. The two most important projects currently under discussion—an aluminum smelter and modernization of factories producing the Moscvich automobile—both involve compensation, the first for more aluminum bars and the second for around one-third of the auto output. France is pushing hard on the aluminum deal but is reluctant to allow inroads into the domestic automobile market. The French Government estimates that approximately one-fifth of France's imports from the Soviet Union currently fall under compensation agreements. 25X1

United Kingdom

[redacted] 25X6

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[redacted] On the economic front, London is less susceptible to Soviet pressure and will be less troubled than other allies by a deterioration in relations with Moscow. Trade between the two is small and, unlike the pattern with most other West European countries, includes few energy products. Moreover, exports of the Soviets to the United Kingdom are double their purchases of British goods; Soviet retaliation in this area thus would cost the USSR more than Britain. (C NF)

Initial Reactions

London sharply rejected Moscow's explanation for the Soviet invasion of Afghanistan and announced its full support for the steps taken by the United States. The British Government also has proposed its own plan for sanctions, favors European Community involvement, and has been out in front in urging strong allied backing for American actions. [redacted] Although Lord Carrington stated that there are no plans to increase British armed forces in the area, he left the door open to such a request. [redacted]

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[redacted]

Economic Considerations

Britain's economic links with the Soviet Union are weak. The USSR accounts for only about 1.4 percent of Britain's total trade. British imports from the Soviet Union consist largely of raw materials—oil, timber, and industrial diamonds. Soviet oil is likely to decline in importance as North Sea oil production rises. Chief British exports are chemicals, textiles and fabrics, and machinery. While other Western competitors—notably West Germany, France, and Japan—have steadily increased their trade with the Soviets, Britain has lagged behind. The only major British contracts in

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the last 10 months have been a $100 million chemical plant and a $76 million agreement to build a glass fiber plant. [redacted]

[redacted]

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Several factors have worked against the development of Anglo-Soviet trade. [redacted] London also has shown little enthusiasm for the barter or commodity buy-back arrangements favored by the USSR. The British also appear reluctant to make noneconomic concessions to the Soviets in order to gain economic advantages. (C NF)

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Anglo-Soviet trade expanded 30 percent during the first 10 months of 1979. The increase resulted from a surge in British imports, which reached nearly $1.5 billion, up almost 50 percent from a year earlier. British exports to the Soviet Union rose about 13 percent, to $755 million. The increase in exports, however, is somewhat misleading because the dollar figures tend to overstate the value of trade between the two countries; the pound appreciated about 10 percent vis-a-vis the dollar in 1979. [redacted]

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Prospective Actions and Reactions

The Soviets have used only $1.2 billion of a $2 billion five-year trade credit agreed upon in Moscow in 1975. The credit arrangement expires next month and almost certainly will not be fully utilized by then. [redacted]

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Italy

Moscow appears to have the upper hand in economic relations with Italy. Italy imports a significant share of its energy supplies—both oil and natural gas—from the Soviet Union, and Rome is eager to eliminate a $1 billion trade deficit with the Soviets through expanded sales. In addition, internal politics will make it extremely difficult for Rome to take punitive action against the USSR. Italy does not wish to be drawn into a conflict between the superpowers, and economic sanctions would be viewed by leftists in Rome as a dangerous repudiation of detente. Ruling by virtue of Socialist abstention in Parliament, Prime Minister Cossiga has limited options in dealing with the Afghanistan crisis. [redacted]

Initial Reactions

The Italian Government's initial response to the Soviet invasion of Afghanistan has been to condemn the action and to call for a withdrawal of Soviet troops in both its public statements and in the parliamentary session recently held to discuss the issue. In addition, Rome concurred totally with the NATO decision to bring the Afghanistan question before the United Nations and has been active in trying to gain Third World support for this move. Prime Minister Cossiga, as European Community President, has not taken the initiative in forging a Community position. In the area of bilateral relations with Afghanistan, the Italian Government has recalled its Ambassador to Kabul and has halted all forms of aid to the Karmal government. Aside from calling in Moscow's Ambassador to Rome, Cossiga has not taken any other steps that might have an impact on Italian relations with the Soviet Union. [redacted]

Political Factors

In Rome, opposition to the Soviet invasion is conditioned by the broadly based Italian view of detente as the foundation of international peace and stability. International detente has also been a major factor affecting interparty relations in Italy and, as a result, the Soviet action has probably had greater domestic political resonance there than in other West European countries. The issue cuts two ways: on the one hand, it underlines the wide distance still separating the Communists from the traditional governing parties. On the other hand, it highlights the weaknesses of the Cossiga government, which must be careful not to take positions that the Communists and others can add to their list of grievances against the government. [redacted] 25X1

Prime Minister Cossiga's government—which is dominated by his Christian Democratic Party and excludes the Communists—remains in office by virtue of a Socialist parliamentary abstention. The Communists are exploiting Cossiga's inability to deal effectively with Italy's pressing economic and public order problems to argue for a new government including Communist Cabinet ministers. His hold on power became even more tenuous recently after leftwing Socialists demanded that their party withdraw its backing and 25X1
work together with the Communists for a broadly based coalition including both leftist parties. [redacted] 25X1

Thus far, Cossiga has tried to handle the Afghanistan issue in a way that diverts attention from the government's shortcomings and forestalls the Communists' drive for Cabinet seats. Italy's inclusion in the London meeting of NATO allies enhanced the government's international stature—and perhaps bought some time for Cossiga at home. By demonstrating solidarity with the decisions taken by Italy's allies—particularly the move to bring the Afghanistan issue before the United Nations—Cossiga can argue that his government has taken another step ensuring Rome's inclusion in the first rank of NATO powers. [redacted] 25X1

The government's position on Afghanistan tends to highlight the ambiguity of the Communist attitude; the Communists have "repudiated" Moscow's actions but have so far failed to call for the withdrawal of 25X1
Soviet troops. The party has also charged that US countermeasures further damage detente. Even if the party toughens its criticism of Moscow, the Communists' domestic opponents will be able to say they have stopped short of a definitive break with the USSR. Cossiga undoubtedly hopes the debate will raise new doubts about the Communists' autonomy and suitability as coalition partners—at least until there is a relaxation in current international tensions. [redacted] 25X1

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The Communist emphasis on preserving detente, however, is one point on which the government is vulnerable. The government will have great difficulty in associating itself with measures, such as economic sanctions, that might be viewed as an escalation of tensions and a further impediment to detente. The Communists already have raised this issue by calling on Italy and other West European countries to develop NATO and EC initiatives aimed at mediating between the superpowers. Favorable comments on this proposal from the left wing of the pivotal Socialist Party underline Cossiga's limited maneuvering room on the Afghanistan issue.

In addition to the short-term consideration of self-preservation, many Italian politicians are reluctant to alienate the Communists totally on this issue; they are convinced that some Communist involvement in the governing process will eventually be necessary to treat domestic problems effectively—even though Afghanistan may postpone the day of reckoning.

Economic Concerns

Bilateral trade flows between Italy and the Soviet Union give definite, although limited, leverage to Moscow in conducting foreign relations with Rome. The Italians are dependent upon the USSR for about 20 percent of their natural gas consumption and 5 percent of their petroleum. Rome is anticipating an acute petroleum shortfall this year, and no alternative suppliers exist for Soviet natural gas. Including both gas and oil imports, about 7.5 percent of Italy's total energy requirements are supplied by the USSR.

Italian energy policy has inadvertently increased Italy's economic dependence upon the Soviet Union. Rome has favored a switch from oil to natural gas, which now accounts for 15.5 percent of total energy consumption. The Soviet demand last fall for renegotiation of the natural gas contract angered Italian energy officials, but they admitted that no substitute for Soviet gas supplies will exist until the opening of the Trans-Mediterranean pipeline to Algeria—optimistically scheduled for 1981. Even then, Rome will wish to maintain, and increase, imports of Soviet gas to permit further switching from oil. The Soviets have made a loose commitment to increase Italian supplies once new Siberian gasfields are developed.

Trade with the Soviet Union is minor relative to total Italian commerce. Sales to the USSR last year represented an estimated 1.6 percent of total Italian exports; imports from the Soviet Union amounted to 2.6 percent of total Italian foreign purchases. Italian exports to the Soviet Union have remained virtually flat since 1977 at the $1.1 billion level, while Italian imports of Soviet goods last year probably were around $2.2 billion. 25X1

While Soviet exports of raw materials are increasing dramatically because of rising prices, Italian sales to the USSR are stagnating. Moscow has informed Rome that future Italian exports will be dependent upon the supply of government-backed credit. 25X1 25X1 25X1

Commercial disputes between Moscow and Rome have generally resulted in lopsided victories for the Soviets. Soviet pressure caused Rome to break the Gentlemen's Agreement on export credits in the 1977 Italian-Soviet trade agreement. The Soviets also have twice forced the Italians to rewrite a fixed-price compensation contract for natural gas. The latest price revision occurred last November after the Soviets threatened to cut off supplies 25X1 25X1

The Italians are eager to correct the trade imbalance with Moscow through increased sales. Italy sees the USSR, like the Middle East, as an area where Italian equipment does not compete at a technological disadvantage. Italian politicians also hold trade initiatives with Moscow in high regard for their propaganda value. Top-level intervention often has pushed through trade deals over the objections of state corporation managers who felt that the agreements were not commercially advantageous to Italy. 25X1 25X1

Nonenergy imports from the Soviet Union—chiefly wood, steel, and chemicals—could be purchased by the Italians from alternative sources. Most Soviet chemical imports, however, result from compensation agreements. 25X1

25X1

Italian exports to the USSR consist mostly of machinery and equipment under major contracts to supply complete manufacturing plants and large-diameter pipe. Rome fears that 1980 will be even more unfavorable than 1979 for exports to the USSR, which are declining in real terms. Deliveries for most major Italian projects in the Soviet Union will be completed by the end of this year and few new agreements are being negotiated. Italian efforts to gain participation in Soviet offshore oil drilling activities have been fruitless. A Montedison bid for a $2 billion contract to build a petrochemical plant will not be considered by the Soviets until the details of their new five-year plan are settled; the Italians are pessimistic about their chances of winning the contract. The Italian state steel company, FINSIDER, faces stiff German competition in a proposed $200 million deal to construct an electric steel plant. [redacted] 25X1

Rome is pinning much hope for increasing exports to the USSR on a new trade agreement signed last fall. The accord grants the Soviets $650 million in credits, but terms have yet to be set. The trade agreement also calls for specific projects in the engineering, energy, chemical, and petrochemical fields. [redacted] 25X1

A possible deal discussed during the negotiations would involve Italy's supplying nuclear components to the Soviet Union in return for the electricity produced by Soviet nuclear plants. Italian energy officials have, however, expressed reservations about the technical feasibility of importing electricity from the USSR. According to press reports, an Italian state-owned firm, Terni, just last week signed an unrelated contract to supply components for nuclear power plants to the USSR. [redacted] 25X1

Canada

[redacted] 25X6

Canada's small overall stake in the USSR puts Ottawa in a good position to support US measures against Moscow. [redacted] 25X6 Clark's announcement that Ottawa "will take the lead in efforts to move the Olympics from Moscow" could benefit Montreal, a primary alternative. Clark has made it clear, however, that the Olympics should only be moved at the request of the International Olympic Committee. (C NF)

Initial Response

Ottawa's response to the Soviet invasion of Afghanistan has been outspokenly critical. Prime Minister Clark has condemned the Soviet action as an "unwarranted intervention" and stated that he would "be conveying the position of the Government of Canada to President Brezhnev in a letter." Canada had been active in UN proceedings against the Soviets, and Clark has taken up Vice President Mondale's call to move the Olympics from Moscow. On the economic front, Ottawa has pledged that Canada will "refrain from grain sales to the USSR in excess of normal and traditional levels." In a press conference last Friday, Clark also ticked off a series of economic and political actions Ottawa intends to follow, including:

- Working with other nations to limit exports of high technology to the USSR.
- Halting further official export credits.
- Canceling or postponing upcoming official visits with Soviet ministers or senior officials.
- Canceling or restricting cultural and scientific exchanges.
- Denying any increase in Aeroflot flights (the Soviets usually add a third weekly flight in the summer months).
- Announcing that Ottawa is prepared to contribute to relief for Afghan refugees in Pakistan. [redacted]

The Stakes

Canada has little economic stake in the Soviet Union. The $325 million in Canadian sales to the USSR during the first three quarters of 1979 represented less than 1 percent of total Canadian exports. Canada imported just $40 million worth of goods from the Soviets in the period of January through September 1979, most consisting of light machinery and equipment or nonstrategic raw materials. There are no significant joint projects between Canada and the USSR. [redacted] 25X1

Sectoral interest in Soviet trade is strong, however. Canada will export 1.4 million tons of wheat valued at $245 million to the USSR during the crop year ending next June. This represents 11 percent of total Canadian wheat sales. About one-fourth of Canadian barley exports will go to the Soviets. Another $225 million of Canadian wheat and flour has been purchased by the Soviets for shipment to Cuba. [redacted] 25X1

[redacted] 25X6

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Other COCOM Countries

The Benelux Countries

Belgium and Luxembourg have condemned the Soviet invasion of Afghanistan as a threat to peace, but neither would be likely to initiate any action of its own. They would follow West German and French leads, particularly in an EC context. The Hague is being very deliberate in its response to the Soviet invasion of Afghanistan and is currently reviewing its options.

The relative ease of incorporating a company in Belgium has made that country a major center of operations for Soviet export-import firms. Typically, joint Soviet-Belgian trading firms market Soviet raw materials in exchange for West European industrial goods. NAFTA-B, perhaps the largest of the joint Soviet-Belgian firms, handles all Soviet oil sales in Belgium and reexports to third countries such as Switzerland. In 1978, 3 percent ($145 million) of Belgian oil imports came from the Soviet Union; of this amount, about two-thirds was reexported. Besides oil, only diamonds are an important Soviet export to Belgium. One fifth of Soviet diamond exports to the OECD countries are sold to Belgium, most to be brokered on the Antwerp diamond exchange. The value of Soviet diamond exports to Belgium in 1978, $165 million, exceeded that of crude oil and oil products. Manufactures constitute about 90 percent of Belgian sales to the Soviets, about 60 percent of these consisting of semifinished steel products.

Trade with the Soviet Union accounts for about 1 percent of total Dutch trade. Dutch sales to the USSR, only 0.4 percent of total Dutch exports, consist mainly of chemicals, machinery, and semifinished manufactures. Petroleum products account for more than one-half of Dutch imports from the Soviet Union. However, a significant share of Soviet petroleum products are resold on the Rotterdam spot market.

Denmark

Copenhagen views the situation in Afghanistan with great seriousness and takes exception to the Soviet intervention. Although the government presently has no plans to implement sanctions, Denmark is withdrawing a $9.5 million loan to Afghanistan. The Danes will avoid any increase in grain exports to the USSR and will try to ensure that future grain exports are not reexported to the Soviet Union. 25X1

Although overall trade between Denmark and the Soviet Union is small, Denmark's growing dependence 25X1
on Soviet oil would provide Moscow considerable leverage in retaliation against any sanctions imposed by Copenhagen. Danish exports to the USSR amounted to $87 million, 0.8 percent of total exports, in the first nine months of 1979, up sharply from the same period a year earlier. Machinery accounts for nearly 70 percent of total exports to the Soviet Union. Danish imports from the USSR amounted to $318 million, about 2.4 percent of total imports, and consist primarily of oil and petroleum products. Danish dependence on Soviet oil has increased rapidly in recent years—Soviet oil accounted for 5.7 percent of total Danish oil imports in 1975 and 14 percent last year. 25X1

Greece

Except for cultural ties, Soviet-Greek relations traditionally have been cool. Over the past year or so, however, Athens made an effort to improve relations with the Soviet Union, primarily in response to a perceived warming in Soviet relations with the West in 25X1
general. Athens has condemned the Soviet invasion of Afghanistan, supports US countermeasures, and plans some minor actions of its own in the diplomatic area. Economic sanctions are still under study. 25X1

Greece receives about 3 percent of its total imports from the Soviet Union, with crude oil and petroleum products accounting for the bulk of purchases (86 percent in 1978). The USSR currently supplies Greece 25X1
with 18,000 b/d of crude oil per year, approximately 10 percent of Greece's total oil imports, and Athens has requested a doubling of this amount. The Greeks export a variety of goods to the USSR—principally agricultural products (citrus, grapes, and tobacco) and bauxite. 25X1

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The Soviet-Greek cooperation agreement signed in 1978 provides for Soviet financing of an alumina plant in Greece. The USSR also plans to supply the electric power to the plant as well as purchase a portion of the output. The two countries have been discussing possible supply of Soviet electric power through the Yugoslav grid and future supply of natural gas to Greece using a pipeline through Bulgaria. The Soviets reportedly are prepared to fund construction of the pipeline in exchange for additional Greek agricultural products. [redacted]

Norway

[redacted] we expect the Norwegians will generally support US initiatives. Whether the Norwegians actively cooperate in these initiatives, however, remains to be seen. If political relations with the Soviet Union deteriorate, the Norwegian economy would be little affected. Imports from and exports to the Soviet Union account for less than 1 percent of Norwegian foreign trade. Oil products make up almost 80 percent of all imports of Soviet goods but amount to only about 2 percent of Norwegian oil consumption. Although Norway produces more oil than it consumes, its refineries cannot process enough crude oil to meet domestic demand. Moreover, most domestically produced crude oil is piped directly from the North Sea fields to the United Kingdom. Norway would have little trouble replacing Soviet oil, which is only about 3,000 b/d. Soviet purchases from Norway consist mainly of paper and paper products, special machinery, and inorganic chemicals. [redacted]

Portugal

The newly installed government of Francisco Sa Carneiro recalled its Ambassador from Moscow for consultations following the Soviet intervention in Afghanistan. Sa Carneiro distrusts the Soviets and almost certainly will support US countermeasures; he is unlikely to initiate any measures of his own. [redacted]

Economic ties between Portugal and the Soviet Union expanded rapidly after diplomatic ties were established in the wake of the 1974 revolution. Portuguese exports to the Soviet Union leaped from less than $1 million in 1973 to a high of $54 million in 1976; imports posted even greater gains, jumping from $25,000 in 1973 to $125 million in 1977. Fresh vegetables account for one-half of Portuguese exports; textiles and wine make up the remainder. More than 85 percent of Portuguese imports from the Soviet Union are crude oil; Soviet supplies of 15,000 b/d account for about 15 percent of Portuguese oil imports. The Soviet fishing fleet has used Portuguese shipyards for repairs and has purchased at least six fishing boats from Portugal. [redacted] 25X1

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Turkey

With the Turks counting on the USSR for economic aid and a major portion of their oil needs, Ankara will attempt to do nothing that would worsen its relations with the USSR. The USSR is Turkey's largest aid donor and one of the largest non-Communist recipients of Soviet economic aid. [redacted] 25X1

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Turkey concluded a 10-year framework agreement with the Soviet Union in 1975 calling for $600-700 million in Soviet financial assistance to finance steel, aluminum, and thermal power plants. In 1977 the aid commitment was raised to $1.2 billion when the Soviets agreed to finance a steel plant and an oil refinery. (The steel plant, at Iskendereen, is one of the Soviets' largest overseas aid projects.) As Turkey's foreign exchange situation worsened and Western lenders dried up, Turkish leaders continued to seek more funds; in 1979, they signed a three-year agreement with the USSR, including about $860 million in Soviet aid. The Soviet Union also agreed to supply about 25 percent of Turkey's crude oil imports during 1979-81, up from around 10 percent previously. 25X1 Besides oil, the USSR agreed to sell additional supplies of iron and steel, fertilizers, chemicals, and coke in exchange for Turkish wheat, other agricultural products, wolfram, and consumer goods. Several other kinds of economic cooperation also were planned, including Soviet technical and financial assistance in oil exploration. [redacted] 25X1

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The agreement recently has encountered serious problems. Moscow is refusing to supply the additional oil agreed to because Turkey has failed to deliver wheat as scheduled. Foreign exchange shortages, which limit Turkey's ability to import raw materials and other industrial inputs, have cut into domestic farm and industrial output. [redacted] 25X1

Other Developed Countries

Australia

The Australian Government has roundly criticized the USSR's invasion of Afghanistan and stated its full support for the actions taken by the United States against the Soviet Union. Furthermore, Canberra has given assurances that Australia will not attempt to undercut the US embargo on grain sales to the USSR-[redacted]

Initial Response

The Australian Government has strongly condemned the Soviet invasion of Afghanistan as "totally without justification, a violation of everything the United Nations stands for, and a mode of behavior which will make normal relationships between nations totally impossible." It has stressed that "the world needs to demonstrate that the price of that invasion is higher than the Soviets envisaged and higher than they would be prepared to contemplate on future occasions." To back up this statement, the government has:

- Stated that it will not undercut the US grain embargo.
- Suspended any agreements or discussions of joint arrangements with the Soviets, including two joint feasibility studies which were under way for fishing in Australian waters.
- Delayed indefinitely talks and visits with Soviet officials.
- Decided not to approve further visits of Soviet scientific vessels to Australian ports.
- Canceled a scheduled February visit of Aeroflot personnel to Australia.[redacted]

Australian official relations with the Soviet Union have been at a low ebb since a Soviet-implanted listening device was found in Australia's Embassy in Moscow in 1978. Following the incident, Canberra suspended most bilateral talks and cultural exchanges.[redacted]

Economic and Political Concerns

Australia does not have a major stake in trade or other economic relations with the Soviet Union; its key concern is the possible impact of US actions on the international grain market—grain is an important source of foreign exchange and a major political issue. Imports from the USSR in FY 1979, which ended last June, amounted to only $8.5 million, one-tenth of 1 percent of total foreign purchases. The imports include some raw materials, fish products, and cotton fabrics; in no instance do the purchases exceed 5 percent of any import category.[redacted] 25X6 25X1

As to exports, Australia's main interest is in agriculture, which accounts for 40 percent of total foreign exchange earnings. Australian wool exports to the Soviet Union in FY 1979 amounted to about $220 million—13 percent of the country's foreign wool sales. Although wheat shipments to the USSR totaled only about $17 million last fiscal year (2 percent of wheat exports), Australian shippers have contracted with the USSR to supply 1.8 million tons of wheat (valued at about $300 million) and 500,000 tons of barley in the year ending June 1980 (no barley was sold in FY 1979).[redacted] 25X6

If Canberra continues to cooperate with US trade sanctions, we expect Australian grain sales to the Soviets in 1980/81 to again total about 2.3 million tons.[redacted] 25X1 25X6 25X1

[redacted]

Austria

Austria is unlikely to participate in any actions against the USSR because of its position as a neutral country and its heavy economic dependence on the Soviet Union. Almost 30 percent of Austrian oil and natural gas consumption is covered by purchases from the Soviet Union, which in turn account for about 70 percent of Austria's total imports from the USSR. On the export side, the Soviet Union purchases about 17 percent of Austrian exports. Most of these sales consist of sheet steel, ships, and machinery and equipment. [redacted]

Finland

Finland's geographic location and major economic ties with the Soviet Union preclude strong reactions to the Soviet action in Afghanistan. During the 1970s a dramatic shift occurred in Finland's economic orientation—away from the West and toward the Soviet Union, which now accounts for 20 percent of Finnish trade. The underlying causes of this shift were the surge in world oil prices with a corresponding rise in the value of Soviet energy exports; the balancing requirements of Finnish-Soviet trade, which is conducted under barter-clearing arrangements; and the economic recession in the West. Economic dependence heightens Finland's political/strategic vulnerability to the USSR, although the Soviets also benefit from this window to the West. [redacted]

The Soviet Union currently supplies almost 70 percent of Finland's total energy imports and 50 percent of domestic energy requirements. The Soviets built two of Finland's four nuclear reactors, supply their fuel, and accept their irradiated waste. In payment for Soviet imports, Finland exports about one-tenth of its industrial product to the USSR. The Soviets absorb about one-half of Finnish ship production and one-third of the output of Finnish engineering industries, providing stability to these recession-prone sectors. The Finns also are involved in several construction projects in the Soviet Union. [redacted]

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Iceland

Iceland imports all its oil from Moscow, which charges spot prices on these sales. The surge in spot prices has pushed the Icelanders into a frantic search for a new supply source. Saudi Arabia and the United Kingdom reportedly may agree to sell crude oil to Iceland, which the Icelanders would then have refined in Europe. Icelandic sales of fish to the USSR presumably would continue because they benefit both parties. [redacted]

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Ireland

Oil is the major component in Irish-Soviet trade, accounting for three-fourths of Ireland's purchases from the USSR. In 1978, 6 percent of Ireland's oil imports came from the Soviet Union. Dependence rose to nearly 8 percent in the first six months of 1979. The state-owned Irish National Oil Corporation (INPC) was founded last year to obtain oil contracts directly with exporting countries. Thus far, the company has secured only one contract—for delivery of 10,000 b/d of Iraqi crude. However, if the Soviets cut off their supplies, INPC has laid the groundwork to negotiate for other supplies. [redacted]

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Other than oil, no clear trends in Irish-Soviet trade have emerged, and trade either way accounts for less than 1 percent of total Irish foreign trade. In spite of a 1976 economic cooperation agreement, Irish firms appear reluctant to push into Soviet markets, citing unfamiliar structures and lack of knowledge. On the other hand, the Soviets are eager to expand in the Irish market. Moscow has been pushing Dublin to allow an increase in the number of Soviet trade representatives—described by Moscow as independent businessmen—in Ireland; thus far, Dublin has refused. [redacted]

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Spain

Despite the reestablishment of relations only in 1977, Spanish-Soviet trade grew rapidly in the 1970s. Spanish imports rose from $10 million in 1970, to a peak of $165 million in 1976, and dropped to $110 million in 1978. More than one-half of Spanish imports from the Soviet Union consist of crude oil, coal, and petroleum products; these purchases, however, account for only 1 percent of Spain's energy imports. Sales to the Soviets have grown steadily from $6 million in 1970 to $145 million in 1978. About one-third of Spanish exports consist of rolled-steel structural forms, and one-half is made up of other semifinished metal products. [redacted]

The activities of joint Soviet-Spanish companies, involved mostly in fishing, shipping, and the lumber trade, have proven profitable to the Spanish. [redacted]

Although Madrid hopes to expand economic relations with Moscow, the Spanish have no illusions about the Soviets ever becoming a major trading partner. The center-right government of Prime Minister Suarez distrusts the Soviet Union—several Soviet diplomats have been expelled as spies during recent years—and would be inclined to support US sanctions. [redacted]

Sweden

Sweden has not developed an extensive trade relationship with the USSR. In 1978 the USSR provided less than 3 percent of Sweden's imports and took only 1 percent of its exports. The Soviets have provided 15 percent of Swedish oil supplies but no other commodity stands out as being particularly important. While staunchly rejecting any outside control over exports of purely Swedish products, Stockholm generally has accepted controls over exports that embody high technology originating in COCOM countries. During a 1978 flap over the possible sale of a sophisticated Swedish machine tool to the USSR, Swedish officials hinted that if left alone Swedish firms probably would 25X1
go along with US guidelines on an unofficial basis. The reason given was that high-technology products with no US components are rare and Swedish firms are unlikely to risk their sources of components or their markets in the United States. [redacted] 25X1

Other Countries

Other smaller developed countries generally have 25X1
condemned Soviet intervention but are awaiting coordinated decisions or actions by the major allies before saying much about sanctions. For practically all these coutries, trade with the Soviet Union has expanded rapidly but accounts for only 1 to 2 percent of total trade. Soviet energy products, particularly oil, are the major source of concern. Although the amounts in each case are small, a Soviet cutoff of energy would 25X1
put pressure on supplies and cause a scramble for alternative sources. [redacted] 25X1

Soviet Response to Economic Sanctions

At least initially, the USSR is unlikely to institute economic reprisals against those Western countries implementing economic sanctions against it. The Soviet leadership is well aware of the importance of continued access to Western technology, equipment, and grain to Soviet economic development; perceived short-term benefits of economic retaliation will likely be judged insufficient to risk the economic costs which would result from a sustained cutoff in trade by the West. Indeed, at first the USSR may feign indifference to Western action by maintaining a "business as usual" posture. This action would be consistent with traditional Soviet claims that economics should be divorced from politics and that the USSR is a dependable source of supply to the West.

Soviet reaction will ultimately be influenced by the degree of unanimity among major Western trading partners. Should West Germany, Canada, and the United Kingdom join the United States in imposing economic sanctions while France, Italy, and Japan abstain, the Soviet reaction will probably be one of emphasizing the economic gain to those who followed the latter course of action. Moscow may become more accommodating in order to bring negotiations on major deals to fruition and thus demonstrate by example that countries participating in economic sanctions will lose contracts to those who do not. They may also "reward" nonparticipants with contracts for additional oil, natural gas, or other commodities in short supply worldwide. Moscow will also probably restrain its normal inclination to extract the best deal possible in negotiating with Western governments and firms in order to avoid the attendant publicity regarding the cost of doing business with the USSR. Countries siding with the United States may find the Soviets taking a hard line when renewing contracts for such com- 25X1
modities or in other economic negotiations. 25X1

It is highly unlikely that the USSR will take punitive action involving the abrogation of existing contracts.
To do so, even temporarily, would substantiate long 25X1
held Western fears about doing business with the USSR. Terminating deliveries of natural gas, timber, coal, and chemicals guaranteed under compensation agreements would likely preclude for an extended period Soviet ability to obtain Western participation in future resource development projects on the compensation basis the Soviets favor. Similarly, Soviet default on credit obligations would preclude future Western lending, particularly from private Western banks which hold the major share of Soviet debt. 25X1

Statistical Appendix

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UNITED STATES: Trade with USSR, 1978
(Million U.S. $)

Commodity	Exports: To World	Exports: To USSR	Exports: USSR Share (%)	Imports: From World	Imports: From USSR	Imports: USSR Share (%)
FOODSTUFFS	28709	1679	5.8	16287	7	0.0
RAW MATERIALS	10765	70	0.7	13491	118	0.9
FUELS	3980	31	0.8	42018	44	0.1
MANUFACTURES	95730	471	0.5	95897	69	0.1
OTHER	4476	1	0.0	5595	303	5.4
TOTAL TRADE	143660	2252	1.6	173290	540	0.3

US Exports of which Significant Share Goes To U.S.S.R
(Ranked by USSR Share)

Commodity	Exports: To World	Exports: To USSR	Exports: USSR Share (%)
CORN	5302	1056	19.9
WHEAT	4335	356	8.2
MISC CONSUMER	749	39	5.3
NONFERROUS ORES	911	37	4.1
SOYBEANS	5868	216	3.7
PETROLEUM PRODUCT	550	19	3.4
TRACTORS	1331	28	2.1
METALWORKING MACHINERY	1245	26	2.1
ELECTRICAL MEASURING EQ	2237	40	1.8
LEATHER	318	5	1.7

US Imports of which Significant Share Comes From U.S.S.R
(Ranked by USSR Share)

Commodity	Imports: From World	Imports: From USSR	Imports: USSR Share (%)
HIDES	247	9	3.7
NONFERROUS ORES	1376	38	2.8
NONFERR MANUFACTURES	478	7	1.4
CHEMICAL ELEMENTS	4182	33	0.8
DIAMONDS	2224	16	0.7
PETROLEUM PRODUCT	7432	40	0.5
OTHER CHEMICAL	544	2	0.4
GLASS	1051	3	0.3
CRUDE MINERALS	620	2	0.3
BEVERAGES	1768	4	0.2

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FRANCE: Trade with USSR, 1978
(Million U.S. $)

	Exports			Imports		
Commodity	To World	To USSR	USSR Share (%)	From World	From USSR	USSR Share (%)
FOODSTUFFS	11896	48	0.4	11500	40	0.4
RAW MATERIALS	3734	11	0.3	6532	250	3.8
FUELS	2047	3	0.1	15937	606	3.8
MANUFACTURES	58488	1392	2.4	47453	329	0.7
OTHER	329	2	0.6	442	0	0.1
TOTAL TRADE	76494	1455	1.9	81865	1225	1.5

French Exports of which Significant Share Goes To U.S.S.R
(Ranked by USSR Share)

	Exports		
Commodity	To World	To USSR	USSR Share (%)
HEAT/COOL EQUIPMENT	845	128	15.1
METALWORKING MACHINERY	477	43	8.9
MACHINE PARTS	825	61	7.4
PUMPS	986	73	7.4
CHEMICAL ELEMENTS	3776	245	6.5
BOOKS, MAGAZINES	602	35	5.8
OTHER INDUSTRIAL MACH	1846	100	5.4
STEEL	4862	251	5.2
ELECTRICAL APPARATUS	915	41	4.5
ELECTRICAL MEASURING EQ	456	20	4.4

French Imports of which Significant Share Comes From U.S.S.R
(Ranked by USSR Share)

	Imports		
Commodity	From World	From USSR	USSR Share (%)
COTTON	321	99	30.8
PETROLEUM PRODUCT	1195	213	17.8
WOOD	681	64	9.3
UNWROUGHT ALUMINUM	346	32	9.2
CHEMICAL ELEMENTS	3021	247	8.2
COAL	1346	56	4.2
PULP	529	19	3.6
CRUDE PETROLEUM	12058	328	2.7
FISH	812	22	2.7
CRUDE MINERALS	545	14	2.5

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ITALY: Trade with USSR, 1978
(Million U.S. $)

	Exports			Imports		
Commodity	To World	To USSR	USSR Share (%)	From World	From USSR	USSR Share (%)
FOODSTUFFS	3876	53	1.4	9647	14	0.1
RAW MATERIALS	978	3	0.3	7525	215	2.9
FUELS	3295	5	0.2	13346	1218	9.1
MANUFACTURES	47633	1072	2.3	24306	87	0.4
OTHER	267	0	0.0	291	0	0.1
TOTAL TRADE	56048	1133	2.0	55115	1535	2.8

Italian Exports of which Significant Share Goes To U.S.S.R
(Ranked by USSR Share)

	Exports		
Commodity	To World	To USSR	USSR Share (%)
RICE	213	43	20.1
METALWORKING MACHINERY	676	81	11.9
MACHINE PARTS	803	90	11.2
STEEL	3151	311	9.9
LEATHER	564	53	9.4
ELECTRICAL MEASURING EQ	123	10	8.2
PUMPS	706	53	7.6
ELECTRICAL MEDICAL EQ	54	4	7.5
HEAT/COOL EQUIPMENT	772	51	6.6
POWER GEN EQUIPMENT	265	15	5.6

Italian Imports of which Significant Share Comes From U.S.S.R
(Ranked by USSR Share)

	Imports		
Commodity	From World	From USSR	USSR Share (%)
GAS ELEC	650	312	47.9
PETROLEUM PRODUCT	1154	174	15.1
COTTON	379	33	8.7
WOOD	1193	94	7.9
COAL	754	55	7.3
CRUDE PETROLEUM	10787	677	6.3
IRON ORE	941	49	5.3
FERTILIZER	191	9	4.5
NONFERR MANUFACTURES	77	3	3.7
PLYWOOD	127	5	3.6

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BELGIUM/LUXEMBOURG: Trade with USSR, 1978
(Million US $)

Commodity	Exports To World	Exports To USSR	Exports USSR Share (%)	Imports From World	Imports From USSR	Imports USSR Share (%)
FOODSTUFFS	4277	8	0.2	6199	8	0.1
RAW MATERIALS	2259	5	0.2	4275	75	1.8
FUELS	1912	2	0.1	5986	159	2.7
MANUFACTURES	31988	314	1.0	28254	58	0.2
OTHER	4355	21	0.5	3553	169	4.8
TOTAL TRADE	44793	350	0.8	48268	469	1.0

BELGIUM Exports of which Significant Share Goes To USSR
(Ranked by USSR Share)

Commodity	Exports To World	Exports To USSR	Exports USSR Share (%)
PUMPS	239	21	8.8
STEEL	4849	193	4.0
OTHER CEREALS	167	5	3.0
OTHER CHEMICALS	579	14	2.5
YARN	567	11	1.9
HEAT/COOL EQUIPMENT	241	4	1.8
HAND TOOLS	103	2	1.6
GOODS NES	1596	21	1.3
OTHER INDUSTRIAL MACH	478	5	1.0
CHEMICAL ELEMENTS	2030	21	1.0

BELGIUM Imports of which Significant Share Comes From USSR
(Ranked by USSR Share)

Commodity	Imports From World	Imports From USSR	Imports USSR Share (%)
COTTON	61	11	18.1
WOOD	479	43	8.9
PETROLEUM PRODUCTS	1146	89	7.7
FERTILIZER	222	13	5.8
DIAMONDS	2925	165	5.6
PIG IRON	106	5	4.5
NONFERROUS MANUFACTURES	91	4	4.0
CRUDE PETROLEUM	3173	57	1.8
FISH	279	5	1.6
COAL	791	13	1.6

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DENMARK: Trade with USSR, 1978
(Million US $)

Commodity	Exports To World	Exports To USSR	Exports USSR Share (%)	Imports From World	Imports From USSR	Imports USSR Share (%)
FOODSTUFFS	4203	9	0.2	1845	5	0.2
RAW MATERIALS	701	1	0.1	821	12	1.5
FUELS	298	0	0.0	2303	261	11.3
MANUFACTURES	6442	51	0.8	9720	25	0.3
OTHER	32	0	0.6	87	0	0.1
TOTAL TRADE	11676	61	0.5	14777	302	2.0

DANISH Exports of which Significant Share Goes To USSR
(Ranked by USSR Share)

Commodity	Exports To World	Exports To USSR	Exports USSR Share (%)
ELECTRICAL MEASURING EQ	133	8	5.9
SHIPS	287	15	5.2
HEAT/COOL EQUIPMENT	229	11	5.0
FABRICS	77	2	3.1
CAR ENGINES	113	2	1.8
OTHER CEREALS	189	3	1.7
PHONOGRAPHS	42	1	1.6
FIBRES	8	0	1.4
SCIENTIFIC INSTRUMENTS	91	1	1.1
ELECTRICAL MEDICAL EQ	32	0	1.0

DANISH Imports of which Significant Share Comes From USSR
(Ranked by USSR Share)

Commodity	Imports From World	Imports From USSR	Imports USSR Share (%)
CRUDE PETROLEUM	782	151	19.3
PETROLEUM PRODUCTS	1231	110	8.9
PIG IRON	15	1	4.0
WOOD	253	10	3.9
IRON ORE	24	1	2.3
FISH	216	4	1.7
FABRICS	216	4	1.6
CARS	481	8	1.6
CRUDE MINERALS	78	1	1.2
LEATHER	68	1	0.9

25X1

GREECE: Trade with USSR, 1978
(Million US $)

Commodity	Exports: To World	Exports: To USSR	Exports: USSR Share (%)	Imports: From World	Imports: From USSR	Imports: USSR Share (%)
FOODSTUFFS	1099	70	6.3	696	3	0.4
RAW MATERIALS	425	10	2.4	525	13	2.6
FUELS	321	1	0.2	1429	228	16.0
MANUFACTURES	1527	15	1.0	5001	20	0.4
OTHER	4	0	0.0	3	0	6.5
TOTAL TRADE	3375	95	2.8	7655	264	3.5

GREEK Exports of which Significant Share Goes To USSR
(Ranked by USSR Share)

Commodity	Exports: To World	Exports: To USSR	Exports: USSR Share (%)
NONFERROUS ORES	58	10	17.2
TOBACCO	214	32	15.0
FRUIT	445	32	7.2
BEVERAGES	45	3	6.8
YARN	240	11	4.4
CHEMICAL ELEMENTS	45	2	4.3
BOOKS	4	0	2.8
OTHER CEREALS	55	1	2.7
CRUDE MATERIAL NES	12	0	2.1
LEATHER	74	1	1.8

GREEK Imports of which Significant Share Comes From USSR
(Ranked by USSR Share)

Commodity	Imports: From World	Imports: From USSR	Imports: USSR Share (%)
JEWELRY	6	1	21.3
CRUDE PETROLEUM	1180	210	17.8
PIG IRON	7	1	16.0
WOOD	112	11	10.1
TRANSISTORS	12	1	8.4
COAL	23	2	8.1
FIREARMS	3	0	7.3
PETROLEUM PRODUCTS	224	16	7.3
FISH	45	2	5.3
TRACTORS	61	1	2.3

25X1

NETHERLANDS: Trade with USSR, 1978
(Million US $)

	Exports			Imports		
Commodity	To World	To USSR	USSR Share (%)	From World	From USSR	USSR Share (%)
FOODSTUFFS	11199	26	0.2	8520	12	0.1
RAW MATERIALS	3113	46	1.5	2978	67	2.2
FUELS	8023	2	0.0	8253	338	4.1
MANUFACTURES	26959	136	0.5	31853	61	0.2
OTHER	857	1	0.1	1438	56	4.0
TOTAL TRADE	50149	210	0.4	53041	535	1.0

NETHERLANDS Exports of which Significant Share Goes To USSR
(Ranked by USSR Share)

	Exports		
Commodity	To World	To USSR	USSR Share (%)
HIDES	170	35	20.3
POWER GEN EQUIPMENT	123	14	11.7
METALWORKING MACHINERY	72	4	6.2
OTHER CEREALS	141	6	4.1
PERFUMES	332	11	3.4
TEXTILE MACHINERY	131	3	2.6
CRUDE RUBBER	195	5	2.5
ELECTRICAL MEASURING EQ	210	5	2.3
STEEL	1691	22	1.3
UNWROUGHT NONFERROUS	163	2	1.1

NETHERLANDS Imports of which Significant Share Comes From USSR
(Ranked by USSR Share)

	Imports		
Commodity	From World	From USSR	USSR Share (%)
COTTON	45	9	19.5
PETROLEUM PRODUCTS	1660	324	19.5
UNWROUGHT COPPER	39	7	17.9
DIAMONDS	593	56	9.4
WOOD	712	32	4.6
IRON ORE	124	5	4.2
FERTILIZER	97	4	4.2
PULP	230	6	2.6
FISH	239	5	2.2
CHEMICAL ELEMENTS	1814	24	1.3

25X1

NORWAY: Trade with USSR, 1978
(Million US $)

Commodity	Exports: To World	Exports: To USSR	Exports: USSR Share (%)	Imports: From World	Imports: From USSR	Imports: USSR Share (%)
FOODSTUFFS	938	1	0.1	921	3	0.3
RAW MATERIALS	1812	1	0.0	605	4	0.6
FUELS	2058	5	0.2	1353	83	6.1
MANUFACTURES	5187	82	1.6	8524	12	0.1
OTHER	31	0	0.5	32	0	0.0
TOTAL TRADE	10027	89	0.9	11435	102	0.9

NORWEGIAN Exports of which Significant Share Goes To USSR
(Ranked by USSR Share)

Commodity	Exports: To World	Exports: To USSR	Exports: USSR Share (%)
VEGETABLES	1	0	23.7
OTHER INDUSTRIAL MACH	155	35	22.4
FABRICS	26	3	10.4
CHEMICAL ELEMENTS	210	12	5.9
PAPER	433	22	5.1
ELECTRICAL MEASURING EQ	20	1	4.9
LEATHER	20	1	4.6
GOODS NES	1	0	4.5
PAINTS	42	1	2.8
COMPUTERS	32	1	2.5

NORWEGIAN Imports of which Significant Share Comes From USSR
(Ranked by USSR Share)

Commodity	Imports: From World	Imports: From USSR	Imports: USSR Share (%)
IRON ORE	3	1	24.3
CRUDE PETROLEUM	829	68	8.2
FISH	27	2	8.0
UNWROUGHT ALUMINUM	11	1	7.4
GAS, ELECTRICITY	61	3	4.9
CRUDE RUBBER	11	1	4.8
FERTILIZER	25	1	4.1
HIDES	8	0	3.8
PETROLEUM PRODUCTS	384	12	3.1
COTTON	4	0	2.0

25X1

PORTUGAL: Trade with USSR, 1978
(Million US $)

Commodity	Exports: To World	Exports: To USSR	Exports: USSR Share (%)	Imports: From World	Imports: From USSR	Imports: USSR Share (%)
FOODSTUFFS	364	27	7.5	849	6	0.7
RAW MATERIALS	274	1	0.3	497	5	1.0
FUELS	42	0	0.0	816	82	10.0
MANUFACTURES	1657	12	0.7	2933	3	0.1
OTHER	91	0	0.0	47	0	0.0
TOTAL TRADE	2429	40	1.7	5142	95	1.9

PORTUGUESE Exports of which Significant Share Goes To USSR
(Ranked by USSR Share)

Commodity	Exports: To World	Exports: To USSR	Exports: USSR Share (%)
VEGETABLES	66	21	31.9
TRAINS	5	1	24.3
CHEMICAL ELEMENTS	9	1	7.4
FOOTWEAR	63	4	5.6
NONFERROUS MANUFACTURES	10	1	5.3
FISH	84	3	3.4
FRUIT	17	0	2.9
CRUDE MATERIAL NES	18	0	2.5
BEVERAGES	163	3	1.7
FABRICS	156	3	1.7

PORTUGUESE Imports of which Significant Share Comes From USSR
(Ranked by USSR Share)

Commodity	Imports: From World	Imports: From USSR	Imports: USSR Share (%)
CRUDE PETROLEUM	649	81	12.5
FISH	58	6	9.7
IRON ORE	21	1	5.3
FERTILIZER	8	0	4.3
TOYS	11	0	2.2
COTTON	155	3	2.2
PAPER	39	1	1.7
CRUDE MINERALS	42	0	1.2
TRACTORS	48	0	0.9
JEWELRY	0	0	0.8

**Major COCOM Countries:
Trade With the USSR,
Jan-Sep 1979**

	Exports			Imports		
	To World (Billion US $)	To USSR (Billion US $)	USSR Share [1] (Percent)	From World (Billion US $)	From USSR (Billion US $)	USSR Share [1] (Percent)
Major COCOM	**556.6**	**10.3**	**1.8**	**595.3**	**8.4**	**1.4**
United States	130.2	2.5	1.9	157.8	0.5	0.3
Canada	41.5	0.3	0.8	44.4	NEGL	0.1
Japan	74.3	1.9	2.5	77.9	1.3	1.7
France	71.8	1.5	2.1	76.1	1.2	1.6
Italy	50.0	0.8	1.6	51.9	1.3	2.6
United Kingdom	65.1	0.7	1.0	73.4	1.2	1.7
West Germany	123.7	2.6	2.1	113.8	2.7	2.4

[1] Derived from unrounded data.

25X1

Selected Western Countries: Share of Total and Energy Imports From the USSR, 1978

Percent

	Total Imports	Of which: Energy	Of which: Coal	Crude Oil	Oil Products	Gas/Electricity
COCOM [1]	**1.4**	**3.0**	**4.0**	**4.4**	**7.9**	**6.5**
United States	0.3	**0.1**	0	NEGL	0.5	0
Canada	0.1	**0**	0	0	0	0
Japan	1.8	**0.7**	4.3	0	2.3	0
Belgium/Luxembourg	1.0	**2.7**	1.6	1.8	7.7	0.1
Denmark	2.0	**11.3**	0	19.3	8.9	0
France	1.5	**3.8**	4.2	2.7	17.8	0.6
Greece	3.5	**16.0**	8.1	17.8	7.3	0
Italy	2.8	**9.1**	7.3	6.3	15.1	47.9
Netherlands	1.0	**4.1**	0.7	0.2	19.5	0.1
Norway	0.9	**6.1**	0	8.2	3.1	4.9
Portugal	1.9	**10.0**	0	12.5	0	0.5
United Kingdom	1.7	**5.5**	5.3	3.9	12.7	0.1
West Germany	2.1	**4.0**	1.9	0	12.7 [2]	0.1 [2]
Other OECD	**3.0**	**16.5**	**7.3**	**1.4**	**27.2**	**4.3**
Australia	NEGL	**0**	0	0	0	0
Austria	2.0	**28.1**	18.2	24.3	1.2	85.5
Finland	18.8	**66.4**	36.1	66.1	86.6	79.5
Ireland	0.7	**5.3**	0	0	8.9	0
Spain	0.6	**1.0**	3.1	0.9	2.3	0.1
Sweden	2.7	**13.5**	17.9	7.7	19.3	0
Switzerland	2.2	**21.7**	3.5	6.5	28.5	0

[1] Excluding data for Turkey.
[2] West German natural gas imports are included under oil products.

25X1

Selected Western Countries: Value of Total and Energy Imports From the USSR, 1978

Million US $

	Total Imports	Of which: Energy	Of which: Coal	Crude Oil	Oil Products	Gas/Electricity
COCOM [1]	**10,031**	**4,521**	**277**	**1,853**	**2,062**	**326**
United States	540	**44**	0	3	40	0
Canada	26	0	0	0	0	0
Japan	1,409	**207**	133	3	70	0
Belgium/Luxembourg	469	**159**	13	57	89	1
Denmark	302	**261**	0	151	110	0
France	1,225	**606**	56	328	213	8
Greece	264	**228**	2	210	16	0
Italy	1,535	**1,218**	55	677	174	312
Netherlands	535	**338**	2	12	324	NEGL
Norway	102	**83**	0	68	12	3
Portugal	95	**82**	0	81	0	NEGL
United Kingdom	1,320	**511**	9	263	239	NEGL
West Germany	2,489	**784**	7	0	775 [2]	2 [2]
Other OECD	**3,308**	**2,604**	**177**	**1,087**	**1,038**	**302**
Australia	6	**0**	0	0	0	0
Austria	608	**482**	50	201	4	227
Finland	1,475	**1,160**	94	691	300	75
Ireland	48	**38**	0	0	38	0
Spain	112	**55**	7	44	4	0
Sweden	549	**451**	24	123	304	0
Switzerland	516	**418**	2	28	388	0

[1] Excluding data for Turkey.
[2] West German natural gas imports are included under oil products.

25X1

Selected COCOM Countries: Dependence on the USSR for Various Metals and Minerals, 1978

Percent of Total Imports

	United States	Japan	France	Italy	United Kingdom	West Germany
Chromium/ Chrome Ore	14	6	9	4	0	11
Cobalt	0	0	0	0	0	0
Magnesium	0	4	13	0	0	5
Platinum	1	52	13	2	6	14
Tungsten	0	NA	0	0	0	0
Titanium	41	NA	0	0	0	0
Palladium	32	82	78	NA	NA	31
Rhodium	17	48	9	NA	NA	NA

NA indicates Not Available.

25X1

Estimated Western Financial Exposure to the USSR,[1] (As of 30 June 1979)

Billion US $

	Commercial Bank	Government Guaranteed [2]	Total Exposure
COCOM			
United States	0.4	0.4	0.8
Japan	0.4	2.7	3.1
Belgium/Luxembourg	1.0	0.1	1.1
France	2.2	4.3	6.5
Italy	0.9	2.4	3.3
United Kingdom	2.8	1.2	4.0
West Germany	1.6	3.9	5.5
Other OECD			
Austria	0.3	0.5	0.8
Switzerland	0.8	0.2	1.0
Other [3]	2.4	0.4	2.8
Total	**12.8**	**16.1**	**28.9**

[1] The estimates of country financial exposure to the USSR differ from our estimates of Soviet external debt at yearend 1978 ($17.2 billion of which $10.3 billion is owed to private lenders and $6.9 billion to official lenders) for the following reasons:
(a) commercial bank lending statistics include loans to CEMA's International Investment Bank (IIB) and International Bank for Economic Cooperation (IBEC);
(b) government-guaranteed totals include both drawn credits and undrawn commitments on signed contracts.

[2] Estimated from statistics reported by the Berne Union which include both credit principal and future interest payments. We decapitalized these data by assuming average credit terms of eight year maturity and 7.2-percent interest rate.

[3] Including Canada, Denmark, Finland, the Netherlands, Norway, Spain, and Sweden. We lack adequate data to distribute these by lender for the commercial banks. However, Canadian and Swedish Government bank loans are $0.1 billion and $1.2 billion respectively. The other government backed loans are less than $50 million each.

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